

DETERMINATION AND FINDINGS
FOR A
SOLE SOURCE EXTENSION OF
CONTRACT

Contract No: DCHT-2014-C-0021
Caption: Actuarial Consulting Services
Proposed Contractor: Mercer Health & Benefits, LLC (Mercer)
Program Agency: Department of Health Care Finance

FINDINGS

1. Authorization:

D.C. Official Code §2-354.04, 27 DCMR 1304, 1700, 1701, and 2005.6(b)

2. Minimum Need:

The Department of Health Care Finance (DHCF) has a minimum need to continue contracting with Mercer for Actuarial Consulting Services to ensure that capitation rates, which are fixed payments made by the District on a periodic basis to each Managed Care Organization (MCO) for the provision of medical services under the District's Medicaid or Alliance programs, are actuarially sound. In accordance with federal requirements, the capitation rates paid to the health plans must be actuarially sound and certified as having been developed in accordance with generally accepted actuarial principles and practices by actuaries who meet the qualification standards established by the American Academy of Actuaries and follow the practice standards established by the Actuarial Standards Board. The services are mandated by the Center for Medicare and Medicaid Services (CMS). The District's Medicaid or Alliance programs cannot function without actuarially sound rates used to reimburse providers for services rendered and MCOs to ensure delivery of services as outlined within the scope of Medicaid managed care contracts. Accordingly, DHCF has a need to extend the current sole source contract (Contract) with Mercer for the proposed contract term will be January 1, 2016 through January 31, 2016.

3. Estimated Reasonable Cost:

The estimated fair and reasonable price to provide the required services during the extension of the Contract is \$199,000.00. The proposed prices for the contract extension are based on the contractor's General Services Administration (GSA) scheduled prices. The contractor's GSA prices were originally determined reasonable by the GSA. Accordingly, it has been determined that the proposed prices for the contract extension are fair and reasonable.

4. Facts Which Justify Sole Source Procurement:

- A. It is necessary to enter into a Sole Source Contract extension with Mercer in order to avoid disruption of actuarial services to ensure that capitation rates, which are fixed payments made by the District on a periodic basis to each Managed Care Organization (MCO) for the provision of medical services under the District's Medicaid or Alliance programs, are actuarially sound, and to ensure compliance with Center for Medicaid and Medicare Services (CMS) mandates, and to allow time for the new Actuarial Consulting Services Contract award to be approved by Council.
- B. The proposed sole source extension will extend the term of the previous sole source extension awarded by the Contracting Officer on May 5, 2015 from January 1, 2016 to January 31, 2016.
- C. Mercer is the only practical vendor at this time that can provide immediate and uninterrupted service in order to ensure MCOs delivery of services as outlined the Medicaid managed care contracts, and provides actuarially sound capitation rates necessary for the District's Medicaid or Alliance programs. The key rate-setting tasks for the MCO must occur in the month of January 2016, by Mercer being the current actuarial services contractor it has the information and data needed in order to meet this deliverable.
- D. The estimated cost to the District is fair and reasonable.
- E. Legal authority for the sole source procurement under Section 404 of the Procurement Practices Reform Act of 2010, effective April 8, 2011 (D.C. Law 18-371; D.C. Official Code § 2-354.4 (2011Repl.)) (Act.).
- F. A market survey was not conducted at this time because the District has determined that extending this contract with Mercer is in the best interest of the District. The contractor's GSA prices were originally determined reasonable by the GSA. Accordingly, it has been determined that the proposed prices for the contract extension are fair and reasonable.
- G. Public Notice of OCP's intent to award a sole source contract was published on the OCP website for ten (10) calendar days pursuant to the requirements of 27 DCMR § 1304. The Notice was published for the period beginning on April 16, 2015 and ending on April 26, 2015.
- H. Mercer has performed the required services satisfactorily since it was awarded the contract.

5. **Certification by Agency Head:**

I hereby certify that the above findings are true, correct and complete.

Date

Wayne Turnage
Director

6. **Certification by the Contracting Officer**

I have reviewed the above findings and certify that they are sufficient to justify the use of the sole source method of procurement under the cited authority. The notice on intent to award a sole source contract was published in accordance with 27 DCMR § 1304 and that no response was received. I recommend that the Acting Chief Procurement Officer approve the use of the sole source procurement method for this proposed contract extension.

Date

Helena Barbour
Contracting Officer

DETERMINATION

Based on the above findings and in accordance with the cited authority, I hereby determine that it is not feasible or practical to invoke the competitive solicitation process under either Section 402 or 403 of the District of Columbia Procurement Practices Reform Act of 2010 (D.C. Law 18-371; D.C. Official Code § 2-354.02 or 2-354.03).

Date

George A. Schutter
Chief Procurement Officer